

AMENDED IN SENATE APRIL 21, 1999

**SENATE BILL**

**No. 1217**

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**Introduced by Senator Polanco**

February 26, 1999

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An act to add Section 381.5 to, and to add Chapter 1.5 (commencing with Section 270) to Part 1 of Division 1 of, the Public Utilities Code, relating to public utilities, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1217, as amended, Polanco. Public Utilities Commission: advisory boards: electrical restructuring: public benefit programs.

(1) Existing law provides for various programs relating to telephone corporations to be administered by the Public Utilities Commission, and paid for in the utility rates authorized by the commission.

This bill would, under the Public Utilities Act, create 6 advisory boards to advise the commission regarding the implementation, development, and administration of specified programs, and to carry out the programs pursuant to the commission's direction, control, and approval. The bill would require the commission to determine the number and qualifications of the members of each advisory board, as specified, and would prescribe certain matters of organization and procedure for each advisory board. The bill would require the boards to submit an annual budget to the commission for approval, and a report describing the activities of the board, as prescribed. The bill would create a fund in the State

Treasury for each advisory board. The bill would require telephone corporations to submit to the commission approved rate revenues for transfer by the commission to the Controller for deposit in the appropriate fund as created by the bill. The bill would require any unexpended revenues collected prior to the operative date of the bill to be deposited in the appropriate fund, as specified. The bill would continuously appropriate the funds in each fund, as specified, thus making an appropriation. The bill would require the commission to conduct financial audits of the revenues for each of the funds, and to conduct compliance audits with regard to each program, as specified. Because, under the act, a violation of those provisions would be a crime, the bill would impose a state-mandated local program by creating new crimes.

(2) The act requires the commission to order specified electrical corporations to collect and spend certain funds for prescribed public benefit programs. The act specifically requires cost-effective energy efficiency and conservation activities to be funded by San Diego Gas and Electric Company, Southern California Edison Company, and Pacific Gas and Electric Company at specified levels, commencing January 1, 1998, through December 31, 2001.

This bill, notwithstanding the above provision, would require the San Diego Gas and Electric Company, Southern California Edison Company, Pacific Gas and Electric Company, Southern California Gas Company, and any other public utility designated by the commission, to administer those activities *described above that are non-low-income activities*, as prescribed by the commission, through December 31, 2001. The bill would require the commission, before January 1, 2002, to study the feasibility of administering the activities through a nonprofit public benefit corporation. Because a violation of the act by a public utility is a crime, this bill would impose a state-mandated local program by creating a new crime. *The bill would require the Department of Community Services and Development, commencing June 1, 2000, to administer specified energy efficiency programs provided to low-income electricity customers, as prescribed, and, for those purposes, to contract with the nonprofit and for-profit contractors under contract with the San Diego Gas*

and Electric Company, Southern California Edison Company, Pacific Gas and Electric Company, and Southern California Gas Company as of April 1, 1999.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 1.5 (commencing with Section  
2 270) is added to Part 1 of Division 1 of the Public Utilities  
3 Code, to read:

4  
5 CHAPTER 1.5. ADVISORY BOARDS

6  
7 270. (a) The following funds are hereby created in  
8 the State Treasury:

9 (1) The California High-Cost Fund-A Administrative  
10 Committee Fund.

11 (2) The California High-Cost Fund-B Administrative  
12 Committee Fund.

13 (3) The Universal Lifeline Telephone Service Trust  
14 Administrative Committee Fund.

15 (4) The Deaf and Disabled Telecommunications  
16 Program Administrative Committee Fund.

17 (5) The Payphone Service Providers Committee  
18 Fund.

19 (6) The California Teleconnect Fund Administrative  
20 Committee Fund.

21 (b) Moneys in the funds may only be expended  
22 pursuant to this chapter.

23 (c) Moneys in each fund may not be appropriated, or  
24 in any other manner transferred or otherwise diverted,  
25 to any other fund or entity.

1 271. For each advisory board created pursuant to this  
2 chapter all of the following are applicable:

3 (a) The commission shall establish the number of, and  
4 qualifications for, persons to serve as members of each  
5 board, and shall appoint the members of each board. In  
6 determining the qualifications of persons who will serve  
7 as members of each board, the commission shall consider  
8 the purpose of the program, and shall attempt to achieve  
9 balanced public participation, for each board. The  
10 membership of each board shall reflect, to the extent  
11 possible, and consistent with existing law, the ethnic and  
12 gender diversity of the state.

13 (b) Each board shall determine, subject to approval by  
14 the commission, the time, location, and number of  
15 monthly meetings for each board.

16 (c) A majority of the number of members of each  
17 board constitutes a quorum.

18 (d) A board cannot act at a meeting without the  
19 presence of a quorum.

20 (e) The affirmative vote of a majority of those  
21 members present at the meeting of a board is necessary  
22 in order to pass any motion, resolution, or measure.

23 (f) The commission shall determine for each board  
24 whether the board members shall receive expense  
25 reimbursement pursuant to Section 19820 of the  
26 Government Code and a per diem allowance, as specified  
27 in Section 11564.5 of the Government Code, or as  
28 established by the commission. Each member of a board  
29 who is not a commission or public utility employee, or  
30 who is not otherwise compensated by an employer for  
31 service on the board, shall be entitled to make a claim for  
32 and to receive a per diem allowance, if authorized by the  
33 commission. Each member of a board who is not a public  
34 utility employee, or who is not otherwise reimbursed by  
35 an employer for expenses incurred when serving on the  
36 board, shall be entitled to make a claim for and to receive  
37 expense reimbursement, if authorized by the  
38 commission. The commission shall allow all reasonable  
39 expense and per diem claims. The payments in each  
40 instance shall be made only from the fund that supports

1 the activities of the board and shall be subject to the  
2 availability of money in that fund. The claims shall be filed  
3 by the board with the commission.

4 273. Each advisory board created pursuant to this  
5 chapter shall do both of the following:

6 (a) Submit an annual budget to the commission.  
7 Within 90 calendar days after receiving a board's annual  
8 budget, the commission shall either accept, accept with  
9 conditions, or reject the submitted budget.

10 (b) Notwithstanding Section 7550.5 of the  
11 Government Code, submit, in accordance with  
12 procedures established by the commission, a report that  
13 shall describe the activities of the board during the prior  
14 reporting period. The report shall be submitted on an  
15 annual or more frequent basis, as ordered by the  
16 commission.

17 274. The commission may, whenever it determines it  
18 to be necessary, conduct financial audits of the revenues  
19 required to be collected and submitted to the commission  
20 for each of the funds specified in Section 270. The  
21 commission may, whenever it determines it to be  
22 necessary, conduct compliance audits on the compliance  
23 with commission orders with regard to each program  
24 subject to this chapter. The commission shall conduct a  
25 financial and compliance audit at least once every three  
26 years. The first three-year period for a financial and  
27 compliance audit commences on January 1, 2000. The  
28 second and subsequent three-year periods for financial  
29 audits commence three years after the completion of the  
30 prior financial audit. The second and subsequent  
31 three-year periods for compliance audits commence  
32 three years after the completion of the prior compliance  
33 audit. The commission may contract with the Bureau of  
34 State Audits or the Department of Finance for all  
35 necessary auditing services. All costs for audits shall be  
36 paid from the fund that supports the activities of the  
37 board audited and shall be subject to the availability of  
38 money in that fund.

39 275. (a) There is hereby created the California  
40 High-Cost Fund-A Administrative Committee, which is

1 an advisory board to advise the commission regarding the  
2 development, implementation, and administration of a  
3 program to provide for transfer payments to small  
4 independent telephone corporations providing local  
5 exchange services in high-cost rural and small  
6 metropolitan areas in the state to create fair and equitable  
7 local rate structures, as provided for in Section 739.3, and  
8 to carry out the program pursuant to the commission's  
9 direction, control, and approval.

10 (b) All revenues collected by telephone corporations  
11 in rates authorized by the commission to fund the  
12 program specified in subdivision (a) shall be submitted to  
13 the commission pursuant to a schedule established by the  
14 commission. The commission shall transfer the moneys  
15 received to the Controller for deposit in the California  
16 High-Cost Fund-A Administrative Committee Fund. All  
17 interest earned by moneys in the fund shall be deposited  
18 in the fund. Any unexpended revenues collected prior to  
19 the operative date of this section shall be submitted to the  
20 commission, and the commission shall transfer those  
21 moneys to the Controller for deposit in the California  
22 High-Cost Fund-A Administrative Committee Fund.

23 (c) Notwithstanding Section 13340 of the Government  
24 Code, moneys in the California High-Cost Fund-A  
25 Administrative Committee Fund are hereby  
26 continuously appropriated to the commission, without  
27 regard to fiscal years, to be utilized exclusively by the  
28 commission for the program specified in subdivision (a),  
29 including all costs of the board and the commission  
30 associated with the administration and oversight of the  
31 program and the fund.

32 276. (a) There is hereby created the California  
33 High-Cost Fund-B Administrative Committee, which is  
34 an advisory board to advise the commission regarding the  
35 development, implementation, and administration of a  
36 program to provide for transfer payments to telephone  
37 corporations providing local exchange services in  
38 high-cost areas in the state to create fair and equitable  
39 local rate structures, as provided for in Section 739.3, and

1 to carry out the program pursuant to the commission's  
2 direction, control, and approval.

3 (b) All revenues collected by telephone corporations  
4 in rates authorized by the commission to fund the  
5 program specified in subdivision (a) shall be submitted to  
6 the commission pursuant to a schedule established by the  
7 commission. The commission shall transfer the moneys  
8 received to the Controller for deposit in the California  
9 High-Cost Fund-B Administrative Committee Fund. All  
10 interest earned by moneys in the fund shall be deposited  
11 in the fund. Any unexpended revenues collected prior to  
12 the operative date of this section shall be submitted to the  
13 commission, and the commission shall transfer those  
14 moneys to the Controller for deposit in the California  
15 High-Cost Fund-B Administrative Committee Fund.

16 (c) Notwithstanding Section 13340 of the Government  
17 Code, moneys in the California High-Cost Fund-B  
18 Administrative Committee Fund are hereby  
19 continuously appropriated to the commission, without  
20 regard to fiscal years, to be utilized exclusively by the  
21 commission for the program specified in subdivision (a),  
22 including all costs of the board and the commission  
23 associated with the administration and oversight of the  
24 program and the fund.

25 277. (a) There is hereby created the Universal  
26 Lifeline Telephone Service Trust Administrative  
27 Committee, which is an advisory board to advise the  
28 commission regarding the development,  
29 implementation, and administration of a program to  
30 ensure lifeline telephone service is available to the people  
31 of the state, as provided for in Article 8 (commencing  
32 with Section 871) of Chapter 4 of Part 1 of Division 1, and  
33 to carry out the program pursuant to the commission's  
34 direction, control, and approval.

35 (b) All revenues collected by telephone corporations  
36 in rates authorized by the commission to fund the  
37 program specified in subdivision (a) shall be submitted to  
38 the commission pursuant to a schedule established by the  
39 commission. The commission shall transfer the moneys  
40 received to the Controller for deposit in the Universal



1 Lifeline Telephone Service Trust Administrative  
2 Committee Fund. All interest earned by moneys in the  
3 fund shall be deposited in the fund. Any unexpended  
4 revenues collected prior to the operative date of this  
5 section shall be submitted to the commission, and the  
6 commission shall transfer those moneys to the Controller  
7 for deposit in the Universal Lifeline Telephone Service  
8 Trust Administrative Committee Fund.

9 (c) Notwithstanding Section 13340 of the Government  
10 Code, moneys in the Universal Lifeline Telephone  
11 Service Trust Administrative Committee Fund are  
12 hereby continuously appropriated to the commission,  
13 without regard to fiscal years, to be utilized exclusively by  
14 the commission for the program specified in subdivision  
15 (a), including all costs of the board and the commission  
16 associated with the administration and oversight of the  
17 program and the fund.

18 278. (a) There is hereby created the Deaf and  
19 Disabled Telecommunications Program Administrative  
20 Committee, which is an advisory board to advise the  
21 commission regarding the development,  
22 implementation, and administration of programs to  
23 provide specified telecommunications services and  
24 equipment to persons in this state who are deaf or  
25 disabled, as provided for in Sections 2881, 2881.1, and  
26 2881.2, and to carry out the programs pursuant to the  
27 commission's direction, control, and approval.

28 (b) All revenues collected by telephone corporations  
29 in rates authorized by the commission to fund the  
30 programs specified in subdivision (a) shall be submitted  
31 to the commission pursuant to a schedule established by  
32 the commission. The commission shall transfer the  
33 moneys received to the Controller for deposit in the Deaf  
34 and Disabled Telecommunications Program  
35 Administrative Committee Fund. All interest earned by  
36 moneys in the fund shall be deposited in the fund. Any  
37 unexpended revenues collected prior to the operative  
38 date of this section shall be submitted to the commission,  
39 and the commission shall transfer those moneys to the  
40 Controller for deposit in the Deaf and Disabled



1 Telecommunications Program Administrative  
2 Committee Fund. In addition, those revenues that are  
3 collected pursuant to subdivision (d) of Section 2881 shall  
4 be accounted for separately, as required by subdivision  
5 (b) of Section 2881.2, and deposited in the fund created  
6 by the commission pursuant to subdivision (b) of Section  
7 2881.2.

8 (c) Notwithstanding Section 13340 of the Government  
9 Code, moneys in the Deaf and Disabled  
10 Telecommunications Program Administrative  
11 Committee Fund are hereby continuously appropriated  
12 to the commission, without regard to fiscal years, to be  
13 utilized exclusively by the commission for the program  
14 specified in subdivision (a), including all costs of the  
15 board and the commission associated with the  
16 administration and oversight of the program and the  
17 fund.

18 279. (a) There is hereby created the Payphone  
19 Service Providers Committee, which is an advisory board  
20 to advise the commission regarding the development,  
21 implementation, and administration of programs to  
22 educate payphone service providers, ensure compliance  
23 with the commission's requirements for payphone  
24 operations, and educate consumers on matters related to  
25 payphones, as provided for in commission Decision  
26 90-06-018, and to provide for the placement of  
27 telecommunications devices capable of servicing the  
28 needs of the deaf or the hearing-impaired in existing  
29 buildings and public accommodations, as specified in  
30 subdivision (a) of Section 2881.2.

31 (b) All revenues collected by telephone corporations  
32 in rates authorized by the commission to fund the  
33 programs specified in subdivision (a) shall be submitted  
34 to the commission pursuant to a schedule established by  
35 the commission. The commission shall transfer the  
36 moneys received to the Controller for deposit in the  
37 Payphone Service Providers Committee Fund. All  
38 interest earned by moneys in the fund shall be deposited  
39 in the fund. Any unexpended revenues collected prior to  
40 the operative date of this section shall be submitted to the

1 commission, and the commission shall transfer those  
2 moneys to the Controller for deposit in the Payphone  
3 Service Providers Committee Fund.

4 (c) Notwithstanding Section 13340 of the Government  
5 Code, moneys in the Payphone Service Providers  
6 Committee Fund are hereby continuously appropriated  
7 to the commission, without regard to fiscal years, to be  
8 utilized exclusively by the commission for the program  
9 specified in subdivision (a), including all costs of the  
10 board and the commission associated with the  
11 administration and oversight of the program and the  
12 fund.

13 280. (a) There is hereby created the California  
14 Teleconnect Fund Administrative Committee, which is  
15 an advisory board to advise the commission regarding the  
16 development, implementation, and administration of a  
17 program to advance universal service by providing  
18 discounted rates to qualifying schools, libraries, hospitals,  
19 health clinics, and community organizations, consistent  
20 with Chapter 278 of the Statutes of 1994, and to carry out  
21 the program pursuant to the commission's direction,  
22 control, and approval.

23 (b) All revenues collected by telephone corporations  
24 in rates authorized by the commission to fund the  
25 program specified in subdivision (a) shall be submitted to  
26 the commission pursuant to a schedule established by the  
27 commission. The commission shall transfer the moneys  
28 received to the Controller for deposit in the California  
29 Teleconnect Fund Administrative Committee Fund. All  
30 interest earned by moneys in the fund shall be deposited  
31 in the fund. Any unexpended revenues collected prior to  
32 the operative date of this section shall be submitted to the  
33 commission, and the commission shall transfer those  
34 moneys to the Controller for deposit in the California  
35 Teleconnect Fund Administrative Committee Fund.

36 (c) Notwithstanding Section 13340 of the Government  
37 Code, moneys in the California Teleconnect Fund  
38 Administrative Committee Fund are hereby  
39 continuously appropriated to the commission, without  
40 regard to fiscal years, to be utilized exclusively by the

1 commission for the program specified in subdivision (a),  
2 including all costs of the board and the commission  
3 associated with the administration and oversight of the  
4 program and the fund.

5 281. Any revenues that are deposited in funds created  
6 pursuant to this chapter shall not be used by the state for  
7 any purpose other than as specified in this chapter.

8 SEC. 2. Section 381.5 is added to the Public Utilities  
9 Code, to read:

10 381.5. (a) Notwithstanding paragraph (1) of  
11 subdivision (c) of Section 381, San Diego Gas and Electric  
12 Company, Southern California Edison Company, Pacific  
13 Gas and Electric Company, Southern California Gas  
14 Company, and any other public utility designated by the  
15 commission, shall administer the cost-effective energy  
16 efficiency and conservation activities described in that  
17 paragraph *that are non-low-income activities*, as  
18 prescribed by the commission, through December 31,  
19 2001. Before January 1, 2002, the commission shall study  
20 the feasibility of administering those activities through a  
21 nonprofit public benefit corporation.

22 (b) *Commencing June 1, 2000, the Department of*  
23 *Community Services and Development shall administer*  
24 *the energy efficiency programs provided to low-income*  
25 *electricity customers, including, but not limited to,*  
26 *weatherization, appliance repair and replacement,*  
27 *energy education, and the California Alternative Rates*  
28 *for Energy Program.*

29 (c) (1) *The Department of Community Services and*  
30 *Development, for the purposes of administering the*  
31 *programs described in subdivision (b), shall contract with*  
32 *the nonprofit and for-profit contractors under contract*  
33 *with the San Diego Gas and Electric Company, Southern*  
34 *California Edison Company, Pacific Gas and Electric*  
35 *Company, and Southern California Gas Company as of*  
36 *April 1, 1999.*

37 (2) *Except as specified in paragraph (3), the policies*  
38 *and procedures, and program eligibility, for the*  
39 *low-income energy efficiency programs shall be those in*  
40 *effect on April 1, 1999.*

1     (3) *The Department of Community Services and*  
2     *Development may modify the policies and procedures*  
3     *and program eligibility described in paragraph (2), after*  
4     *considering public input.*

5     SEC. 3. No reimbursement is required by this act  
6     pursuant to Section 6 of Article XIII B of the California  
7     Constitution because the only costs that may be incurred  
8     by a local agency or school district will be incurred  
9     because this act creates a new crime or infraction,  
10    eliminates a crime or infraction, or changes the penalty  
11    for a crime or infraction, within the meaning of Section  
12    17556 of the Government Code, or changes the definition  
13    of a crime within the meaning of Section 6 of Article  
14    XIII B of the California Constitution.

